

ENCANTO POTASH CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") for the three and six months ended June 30, 2013 has been prepared as of August 28, 2013. It should be read in conjunction with the condensed interim consolidated financial statements of Encanto Potash Corp. (the "Company") for the three and six months ended June 30, 2013 as well as the audited annual consolidated financial statements of the Company for the year ended December 31, 2012 and the accompanying MD&A for the year then ended.

All amounts are expressed in Canadian dollars unless otherwise indicated.

Description of Business

Encanto is an exploration and development company focused on potash properties in the province of Saskatchewan, the largest producing potash region in the world. The Company is primarily focused on the development of its flagship property, the Muskowekwan First Nation potash mine project (the "MFN Project"). It has completed a pre-feasibility study ("PFS") in February 2013 and is working on a feasibility study ("FS") that will be completed in early 2014. In addition to its flagship property, the Company holds a 100% interest in two other potash properties in Saskatchewan, the Ochapowace and Chacachas First Nation lands and the Spar property.

The Company is a reporting issuer in the provinces of Alberta and British Columbia and trades on the TSX Venture Exchange ("TSXV") under the trading symbol "EPO" and in the United States on the OTCQX under the trading symbol "ENCTF".

Recent Highlights

The Company previously announced that the MFN Project resource has improved as a result of the recalculation of the entire geologic data, which included the latest 3D seismic data. The reassessed resource continues to add technical confidence to the MFN Project reserve/resource and the additional 3D data will allow the mine plan to be finalized in the FS. Once the mine is constructed the current reserve tonnage combined with the Measured and Indicated Resource will allow for just over 70 years of mining at a production rate of 2.8 million tonnes per year. If the remaining inferred tonnage is converted into a Measured and Indicated Resource the mine life could be extended by an additional 59 years.

The Company continues to advance its strategic objectives with key Federal and Provincial Government Agencies and Ministries.

Negotiations are continuing on a multi-year off-take agreement between the Company and the Government of India, through a consortium of the country's chief fertilizer companies which are controlled by the Indian Ministry of Chemicals & Fertilizers. While there may be fluctuations of potash prices, the Company remains confident that a long-term off-take agreement will ensure the construction and profitability of the MFN project. As of yet no binding agreement has been reached or executed and there is no assurance an agreement will be reached or executed.

The Government of Canada has agreed to the First Nations Commercial and Industrial Development Act (the “FNCIDA”) process, facilitating the Government of Saskatchewan to begin a one-window review and adoption of the necessary regulatory rules and regulations for the project to advance into construction and production, in collaboration with the Muskowekwan First Nation (the “MFN”). The Government of Saskatchewan has also set up a working group with the Company to ensure access to water supply and the construction of a pipeline to the mine in the required time frame. The MFN, whose reserve lands contain the potash resources, are also continuing to assist the company in MFN member consultations and in developing the skills training programs to ensure maximum MFN employment and benefit.

The test results on creep testing showed favourable rates which may allow larger caverns and smaller pillars, resulting in higher extraction ratios. Cavern dimensions are under evaluation in the FS.

Muskowekwan First Nation Potash Mine Project

The MFN Project is located in southeastern Saskatchewan, approximately 100 km north of Regina, and comprises a total of approximately 61,114 acres.

The Company’s 100% interest in the MFN Project was acquired through a joint venture agreement with MFN and Muskowekwan Resources Ltd. (“MRL”) in October 2010 under which the Company obtained the exclusive right to work with MFN and MRL in proceeding to explore, develop and produce the potash minerals on the property.

SNC-Lavalin has been added to the development team for the FS for the MFN Project. SNC-Lavalin joins the study lead, Novopro Projects, who is performing the design of the solution mining process, processing plant, storage and shipping, along with Agapito Associates, tasked with delivering the mining plan, ongoing reserve estimates, detailed well design and production schedule.

The Company was issued a Water Rights Licence (the “Licence”), by the Saskatchewan Water Security Agency as an assurance of process water for the Company’s MFN Project. The 12,000 cubic decametres granted annually through this licence matches what was requested by the Company and is sufficient to operate the solution mine at its full planned capacity.

Updated geologic data improves resource estimate

The latest reserve/resource results are as follows:

Solution Mining Resource Summary (Proven and Probable Reserves)		Reserves used in PFS
Category	KCI Reserves (MMT)	
Total Proven Reserves	34.23	34.23
Total Probable Reserves	127.74	127.74
Proven and Probable Reserves	161.97	161.97

Solution Mining Resource Summary (Measured and Indicated)		Reserves used in PFS
Category	KCI Reserves (MMT)	
Total Measured	4.84	0.0
Total Indicated	30.56	31.31
Total Proven, Probable, Measured and Indicated	197.37	193.28

Solution Mining Resource Summary (Inferred)		Reserves used in PFS
Category	KCI Reserves (MMT)	
Total inferred	165.80	158.69

This reassessed resource continues to add technical confidence to the MFN Project reserve/resource and the additional 3D data improves the confidence in the mine plan to be finalized in the FS. This should result in more resource to be converted into reserves upon issuance of the FS.

The MFN's Project's proven, probable reserves, combined with measured and indicated resources could support a mine life in excess of 70 years, assuming an annual production of 2.8 million tonnes per year.

Acceptance under the First Nations Commercial and Industrial Development Act

The MFN Project was accepted by the federal government under the First Nations Commercial and Industrial Development Act (FNCIDA). The Act will enable the federal government to enact regulations that incorporate a provincial regulatory regime to govern commercial and industrial activities within a province.

The federal government and the Muskowekwan First Nation are having ongoing discussions with the Province of Saskatchewan to provide regulations under FNCIDA relating to the proposed mine.

The acceptance of the MFN Project under FNCIDA means that the Government of Canada can begin the process of developing regulations for the MFN Project. FNCIDA, which came into effect in 2006, reproduces the provincial rules and regulations that apply to similar large-scale commercial or industrial projects off reserve and applies them to a specific on-reserve project.

In addition to becoming the first on-reserve potash mine in Canada, the proposed MFN Project is the first in Saskatchewan to utilize FNCIDA to regulate a project on reserve lands. Once the project gets under way, it is expected to generate approximately 1,000 construction jobs for the development of the mine and nearly 500 jobs once it is fully operational. In addition, the mine is expected to generate tens of millions of dollars in royalties for the First Nation annually.

Pre-Feasibility Study

The Company completed an independent PFS prepared by Novopro Projects Inc. for the MFN Project dated February 28, 2013. The PFS' Economic Model for the MFN Project generated an Internal Rate of Return of 18% (20% before taxes) and a Net Present Value of \$2.84 billion (\$4.12 billion before taxes) yielding a Project payback period of 5 years.

A list of assumptions used in the model is shown below:

Realized Potash Price (FOB Vancouver)	\$460/t standard \$485/t granular
Discount Rate	10%
NPV – After Tax / Pre-Tax	\$2.84B / \$4.12B
IRR – After Tax / Pre-Tax	18% / 20%
Inflation Rate 2%	2%
OPEX at full capacity	\$54.32/t
Sustaining capital cost	\$32.21/t
Logistics Costs	\$50.50/t
Taxes and Royalties	\$65.37/t
Initial CAPEX	\$2.86 billion
Deferred CAPEX	\$130 million
<i>All CAPEX and OPEX costs are in \$CAD, revenues are in \$US (US to CAD exchange assumed as 1.)</i>	
Annual Production rate	2.8 Mt of K62 grade potash (98% KCl)
Construction Start Date	Q2 2014
Mine Start up	Q1 2017
Lifespan of Project	50 years +

The mineral reserve estimate was prepared by Agapito Associates Inc. (“AAI”) of Grand Junction, under the direction of Qualified Person Dr. Michael P. Hardy P.E., P.Eng. The resource estimate was provided by North Rim Exploration Limited, qualified person Tabetha Stirrett, P.Geo. The complete technical report and associated press releases can be found on SEDAR at www.sedar.com.

Commencement of Environmental Assessment Process

The Company formally initiated the environmental assessment process by submitting a Project Description/Technical Proposal to the Canadian Environmental Assessment Agency and the Saskatchewan Ministry of Environment on December 7, 2012.

The purpose of the Project Description/Technical Proposal is to enable Canada and Saskatchewan to determine if an environmental assessment of the MFN Project is required. Saskatchewan confirmed the need for a provincial environmental assessment pursuant to the Saskatchewan Environmental Assessment Act and the Canadian Environmental Assessment Agency confirmed the need for a federal environmental assessment pursuant to the Canadian Environmental Assessment Act, 2012 (“CEAA 2012”).

An amendment to the Regulations Designating Physical Activities under the Canadian Environmental Assessment Act was proposed in April and is expected to be approved by the third or fourth quarter of 2013 that would remove potash projects from the list of designated projects for which an environmental assessment would be required under CEAA. While an environmental assessment under the direction of the Canadian Environmental Assessment Agency would no longer be required, Aboriginal Affairs and Northern Development Canada (AANDC) will still be responsible for determining whether or not the project is likely to have any significant adverse environmental effects, as required by section 67 of CEAA 2012. Any other federal authority that exercises any power or performs any duty or function that permits the project to be carried out in

whole or in part will have similar responsibilities. For example, these other federal authorities might include the Canadian Transportation Agency and Natural Resources Canada for rail infrastructure and explosives storage that may be required during construction.

Saskatchewan will lead the environmental assessment process. It is anticipated that the federal authorities will use the Environmental Impact Statement (EIS) submitted to Saskatchewan to support their determination pursuant to CEEA 2012. The Company submitted Terms of Reference for the Saskatchewan environmental assessment (supplemented with additional material to comply with federal environmental assessment requirements) in June.

After receiving comments from the Governments, the Company prepared and submitted a coordinated Environmental Impact Statement to Saskatchewan and Canada on August 4, 2013.

Ochapowace and Chacachas Properties

The Ochapowace and Chacachas First Nation properties are located in Saskatchewan, approximately 130 kilometres east of Regina, and comprise a total of approximately 50,000 acres.

Through its wholly-owned subsidiary, Encanto Resources Ltd. (“ERL”), the Company is a party to an Exploration Participation Agreement (“EPA”) with Ochapowace First Nation and a Memorandum of Understanding (“MOU”) with Chacachas First Nation (collectively “the Bands”). The Company has obtained two permits from the Crown to explore and develop potash minerals on the reserve lands of the Bands.

On May 31, 2012 the Company received the results of a successful Mineral Rights sub-surface Designation vote in regard to the designation of Potash and other minerals for Home Reserve, TLE reserve and pre-reserve Ochapowace lands. Approximately 50,000 acres comprise these various land categories.

Spar Property

The Spar property is located just north of Saskatoon on provincial lands and is approximately 91,550 acres in size. The KP441 claim (which is part of the Spar property) has an existing NI 43-101 resource and the Company continues to see value in the claim, however no significant work is presently contemplated as the Company is focusing its resources on the development of the MFN Project.

Quarterly Results

The following is selected financial data for the last eight quarters ending with the most recently completed quarter, being the three months ended June 30, 2013.

Three months ended				
	June 30 2013 (\$)	March 31 2013 (\$)	December 31 2012 (\$)	September 30 2012 (\$)
Total revenue	-	-	-	-
Net loss	(1,782,157)	(1,445,931)	(1,025,645)	(3,131,672)
Net loss per share (basic and diluted) ⁽¹⁾	(0.01)	(0.01)	(0.01)	(0.01)
Deferred exploration expenditures and acquisition costs	2,440,886	1,288,053	3,070,142	1,207,311
Total assets	37,911,344	36,851,714	31,259,673	29,405,290

	June 30 2012 (\$)	March 31 2012 (\$)	December 31 2011 (\$)	September 30 2011 (\$)
Total revenue	-	-	-	-
Net loss	(1,036,288)	(996,451)	(1,031,576)	(1,236,236)
Net loss per share (basic and diluted) ⁽¹⁾	(0.00)	(0.00)	(0.01)	(0.00)
Deferred exploration expenditures and acquisition costs	953,868	751,131	2,808,611	1,752,158
Total assets	31,488,289	32,692,694	32,557,646	28,421,576

⁽¹⁾ The basic and diluted loss per share calculation results in the same amount due to the anti-dilutive effect of outstanding stock options and warrants.

During the quarter ended September 30, 2012 the Company recorded an impairment charge of \$1,696,000 with respect to its investment in Sundance Energy Corporation and a \$409,582 write off of mineral property interests relating to certain claims of the Spar property. The remaining \$165,969 write off relating to the Spar property was recorded during the quarter ended December 31, 2012.

The Company's reported losses included share-based payments of \$31,850, \$324,825, \$9,092, \$90,741, \$242,224, \$103,634, \$149,493 and \$431,796 in each of the respective quarters reported on in the table from the quarter ended June 30, 2013 to the quarter ended September, 2011.

During the quarters ended September 30, 2011 and December 31, 2011, the increase in deferred exploration expenditures reflects drilling programs completed on the MFN Project during those periods. During the quarters ended December 31, 2012 and September 30, 2012, the increase in deferred exploration expenditures reflects a 3D seismic program and the PFS on the MFN Project.

Results of Operations

Three months ended June 30, 2013

During the three months ended June 30, 2013, the Company reported a net loss of \$1,782,157 or \$0.01 loss per share (three months ended June 30, 2012 - net loss \$1,036,288 or \$0.00 loss per share). Operating activities consumed \$1,318,195 of cash flow before working capital

adjustments. Cash requirements for investing activities totaled \$2,693,255, virtually all for deferred exploration expenditures on the Company's potash mineral prospects.

	2013 (\$)	2012 (\$)
General and administrative expenses	(1,218,266)	(820,433)
Impairment on investment	(212,000)	-
Share-based payments	(31,850)	(242,224)
Deferred income tax recovery	-	13,000
Interest earned	16,126	13,369
Finance expenses related to convertible debt	(336,167)	-
Net loss for the period	(1,782,157)	(1,036,288)

With respect to general and administrative expenses, the 2013 expenditures were generally higher than those of 2012 primarily because of the Company's increasingly advanced state of operational development compared to that of the prior year. The most significant period over period variances in expenses were with respect to First Nation consulting and First Nation development and designation fees, legal and audit costs and Management compensation:

Aggregate First Nation relations - \$292,543 (2012 - \$168,380)

The Company continues to retain the services of consultants and advisors who are conversant with First Nation requirements and have stature in the First Nation communities. The expense has increased in connection with increased consulting services being provided.

Legal and audit - \$167,757 (2012 - \$76,788)

The expense has increased due to the amount of legal expenses incurred to support the wider range of initiatives the Company is undertaking to advance the development of the MFN project.

Management compensation - \$231,108 (2012 - \$140,008)

Management compensation includes fees paid to the Company's senior executives, as well as the cost to cover administrative matters associated with the corporate secretarial function. The increase represents an increase in the number of senior management personnel.

The Company recognized an impairment charge with respect to the investment in Sundance of \$212,000 (2012 - \$nil).

Share-based payments expense of \$31,850 (2012 - \$242,224) was recorded based solely on the vesting of previously granted stock options. The prior comparable period the expense was recorded based on 2,100,000 stock options being granted during the period as well as vesting of previously granted stock options.

The Company recognized a deferred income tax recovery of \$nil (2012 - \$13,000) which arose in connection with the Company's accounting procedures for the issuance of flow-through shares.

Finance expenses of \$336,167 (2012 - \$nil) were recognized in relation to the convertible debentures.

Six months ended June 30, 2013

During the six months ended June 30, 2013, the Company reported a net loss of \$3,228,088 or \$0.01 loss per share (six months ended June 30, 2012 - net loss \$2,032,739 or \$0.01 loss per share). Operating activities consumed \$2,506,100 of cash flow before working capital adjustments. Cash requirements for investing activities totaled \$3,863,717, virtually all for deferred exploration expenditures on the Company's potash mineral prospects.

	2013 (\$)	2012 (\$)
General and administrative expenses	(2,307,567)	(1,738,180)
Impairment on investment	(318,000)	-
Share-based payments	(356,675)	(345,857)
Deferred income tax recovery	350,000	22,000
Interest earned	29,828	29,298
Finance expenses on convertible debt	(625,674)	-
Net loss for the period	(3,228,088)	(2,032,739)

With respect to general and administrative expenses, the 2013 expenditures were generally higher than those of 2012 primarily because of the Company's increasingly advanced state of operational development compared to that of the prior year. The most significant period over period variances in expenses were with respect to First Nation consulting and First Nation development and designation fees, legal and audit costs and Management compensation:

Aggregate First Nation relations - \$590,930 (2012 - \$388,023)

The Company continues to retain the services of consultants and advisors who are conversant with First Nation requirements and have stature in the First Nation communities. The expense has increased in connection with the payment of development fees to the MFN and with increased consulting services being provided.

Legal and audit - \$290,536 (2012 - \$112,023)

The expense has increased due to the amount of legal expenses incurred to support the wider range of initiatives the Company is undertaking to advance the development of the MFN project.

Management compensation - \$379,724 (2012 - \$280,852)

Management compensation includes fees paid to the Company's senior executives, as well as the cost to cover administrative matters associated with the corporate secretarial function. The increase represents an increase in the number of senior management personnel.

The Company recognized an impairment charge with respect to the investment in Sundance of \$318,000 (2012 - \$nil).

Share-based payments expense of \$356,675 (2012 - \$345,857) was recorded based on 2,925,000 (2012 - 5,100,000) stock options granted during the period and on the vesting terms of those stock options as well as vesting of previously granted stock options.

The Company recognized a deferred income tax recovery of \$350,000 (2012 - \$22,000) which arose in connection with the Company's accounting procedures for the issuance of convertible debt and flow-through shares respectively.

Finance expenses of \$625,674 (2012 - \$nil) were recognized in relation to the convertible debentures.

Capital Expenditures

During the six months ended June 30, 2013, the Company incurred deferred exploration cash expenditures of \$3,808,110 (2012 - \$1,545,611) which were all related to the MFN Project.

Financing Activities

On April 2, 2013, the Company closed a non-brokered private placement of 7,950,000 common shares at \$0.34 per common shares for gross proceeds of \$2,703,000.

On January 14, 2013 the Company issued convertible debentures for the principal sum of \$7,000,000. The convertible debentures bear interest at 5% and are repayable in 2 years from the date of issue or can be converted into shares at the holder's option at a rate of \$0.25 per convertible debenture share. The convertible debentures may be prepaid in whole or in part by the Company by giving 60 days prior written notice, provided that the volume weighted average trading price of the Company's common shares for the 20 consecutive trading days ending on the date that is five days prior to the date such written notice is given is greater than \$0.50 per common share.

During the comparative six months ended June 30, 2012, the Company received \$1,260,305 pursuant to the exercise of 4,678,885 warrants and 1,000,000 stock options.

Liquidity and Capital Resources

As at June 30, 2013, the Company had a working capital of \$2,560,215, compared to working capital deficit of \$343,099 as at December 31, 2012.

The Company is currently in the development stage and depends on the junior resource capital markets to raise funds to carry out its exploration and development programs. Management has concluded that as at the date of this report, the Company will require additional funding in order to cover its general and administrative expenses for the next 12 months plus carry out its planned feasibility study. As part of its ongoing strategic plan the Company is exploring alternate financing opportunities including equity financings, debt financings and strategic partner arrangements.

Related Party Transactions

During the three and six months ended June 30, 2013 and 2012, the Company incurred the following expenditures charged by directors and officers of the Company and/or companies they owned or in which they were significant shareholders:

	Three months ended June 30		Six months ended June 30	
	2013	2012	2013	2012
	\$	\$	\$	\$
Corporate development consultant	154,575	-	306,575	-
Management compensation	140,508	50,008	189,724	100,852
Legal fees	-	2,000	-	4,413

Included in accounts payable and accrued liabilities as at June 30, 2013 was \$12,982 (December 31, 2012 - \$30,748) due to directors and officers of the Company and/or companies they control or of which they were significant shareholders on amounts owing that are unsecured, non-interest bearing and due on demand.

A director of the Company holds \$7,500,000 of the total \$9,500,000 convertible debentures with no accrued interest as at June 30, 2013.

Key management includes the directors, the Chairman of the Board, the Chief Executive Officer and the Chief Financial Officer. Compensation paid or payable to key management for services provided during the three and six months ended June 30 was as follows:

	Three months ended June 30		Six months ended June 30	
	2013	2012	2013	2012
	\$	\$	\$	\$
Management compensation	117,000	87,000	204,000	174,000
Share-based payments	-	24,093	92,973	68,698

Financial Instruments

The Company's financial instruments consist of cash, deposits, investment, accounts payable and accrued liabilities and convertible debentures. All of the Company's cash is held through a major Canadian chartered bank.

Outstanding Share Data

The following table discloses the Company's share capital structure as at August 28, 2013, the date of this MD&A.

a) Authorized:

- Unlimited common shares without par value
- 100,000,000 Class A non-voting preference shares, par value \$10 each
- 100,000,000 Class B non-voting preference shares, par value \$50 each

b) Issued and outstanding common shares: 286,159,798

c) Fully diluted common shares:

Type of Security	Number	Exercise Price	Expiry Date
Stock options	100,000	\$0.26	September 1, 2013
Stock options	200,000	\$0.30	April 28, 2018
Stock options	8,750,000	\$0.17	July 13, 2019
Stock options	1,000,000	\$0.25	September 16, 2019
Stock options	6,350,000	\$0.15	July 13, 2020
Stock options	4,875,000	\$0.26	September 1, 2021
Stock options	500,000	\$0.45	February 17, 2022
Stock options	500,000	\$0.30	April 24, 2022
Stock options	2,600,000	\$0.30	June 28, 2022
Stock options	2,650,000	\$0.25	January 9, 2023

Stock options	<u>275,000</u>	\$0.28	March 25, 2023
	<u>27,800,000</u>		
Share purchase warrants	400,000	\$0.26	February 1, 2014
Share purchase warrants	200,000	\$0.225	October 28, 2014
Share purchase warrants	<u>6,470,000</u>	\$0.35	December 9, 2014
	<u>7,070,000</u>		
Convertible debenture	10,000,000	\$0.25	November 28, 2014
Convertible debenture	<u>28,000,000</u>	\$0.25	January 14, 2015
	<u>38,000,000</u>		
TOTAL	<u>72,870,000</u>		

Disclosure Controls and Procedures

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer’s Annual and Interim Filings) (“NI 52-109”), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed interim consolidated financial statements for the three and six months ended June 30, 2013 and this accompanying MD&A (together, the “Interim Filings”).

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with its filings on SEDAR at www.sedar.com.

Risks and Uncertainties

Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company’s control. These can be categorized as operational, financial and regulatory risks.

- Operational risks include finding and developing reserves economically, marketing production and services, product deliverability uncertainties, changing governmental law and regulation, hiring and retaining skilled employees and contractors and conducting operations in a cost effective and safe manner. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations. Insurance may be maintained at levels consistent with prudent industry practices to minimize risks, but the Company is not fully insured against all risks, nor are all such risks insurable.
- Financial risks include commodity prices and interest rates all of which are beyond the Company’s control. Additional financial risks are the Company’s ability to raise capital and to repay indebtedness it incurs.
- Regulatory risks include the possible delays in getting regulatory approval to the transactions that the Board of Directors believe to be in the best interest of the Company, and include increased fees for filings, the introduction of ever more complex reporting

requirements the cost of which the Company must meet in order to maintain its exchange listing.

Outlook

The Company's primary focus for fiscal 2013 will be as follows:

- Complete the FS on the MFN Project.
- Continue exploring domestic and international strategic partnerships for the financing, development and sale of the potash production from its MFN Project.
- Continue the environmental baseline studies on the MFN Project, which are a key element in the Environmental Impact Social Assessment.
- Subject to financing, complete the exploration hole to test the grade of the Ochapowace/Chacachas property.

Other Information

Additional information related to the Company including its filed National Instrument 43-101 Technical Report is available for viewing on SEDAR at www.sedar.com and at the Company's website at www.encantopotash.com.

Forward-Looking Statements

Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Forward-looking statements may include words such as "plans", "intends", "anticipates", "should", "estimates", "expects", "believes", "indicates", "suggests" and similar expressions.

This MD&A and in particular the "Outlook" section, contains forward-looking statements including, without limitation, the interpretation of drill results and future equity financing activities. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. Information concerning the interpretation of drill results may be considered a forward-looking statement, as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed.

It is important to note that:

- Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of August 28, 2013.
- Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Such risks and other factors include, among others, risks related to the integration of acquisitions; risks related to operations; actual results of current exploration activities; conclusions of economic evaluations; future price of potash; failure of plant, equipment or processes to operate as

anticipated; accidents; labour disputes and other risks of the mining industry; delays in obtaining governmental approvals of financial or in the completion of development or construction activities; as well as those factors discussed in the sections entitled “Risks and Uncertainties”. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.

- The Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

For a description of material factors that could cause the Company’s actual results to differ materially from the forward-looking statements in this MD&A, please see “Risks and Uncertainties”.